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Industrial statistics

Report of the Secretary-General

Summary

The present report was prepared at the request of the Statistical Commission at its thirty-eighth session. The report contains a description of activities undertaken in response to the requests of the Commission. The draft of the *International Recommendations for Industrial Statistics 2008* is provided as a conference room paper for consideration and adoption by the Commission. Points for discussion by the Commission are contained in paragraph 27.

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I. Introduction

1. At its thirty-seventh session, held from 7 to 10 March 2006, the Statistical Commission, endorsed the work carried out by the United Nations Statistics Division for the revision of the *International Recommendations for Industrial Statistics*[1] and the manual on *Index Numbers of Industrial Production, 1950*[2] and agreed to the general recommendations set out in the report of the programme reviewer for industrial statistics.[3] At its thirty-eighth session, held from 27 February to 2 March 2007, the Commission took note of the report of the Secretary-General on industrial statistics, which included a proposed outline of the revised *International Recommendations for Industrial Statistics*.[4]

II. Activities carried out in response to the requests of the Commission

A. Expert Group on Industrial Statistics

2. The United Nations Statistics Division established an Expert Group on Industrial Statistics in 2005 to assist and provide guidance in reviewing the work programme on industrial statistics and in particular to provide guidance for the revision of the *International Recommendations for Industrial Statistics*, last revised in 1983, the revision of the manual on *Index Numbers of Industrial Production*, last revised in 1950, and the revision of the United Nations list of industrial products, last revised in 1973.

3. The Expert Group met again from 16 to 19 July 2007 in New York. The main purpose of that meeting was to review the revised draft of the *International Recommendations for Industrial Statistics 2008*, provide additional guidance on a number of issues that had emerged during the drafting of the revised version between 2005 and 2007 and amend the document for submission to the Statistical Commission at its thirty-ninth session.

4. A major goal of the meeting of the Expert Group on Industrial Statistics was to ensure consistency between the revised *International Recommendations for Industrial Statistics 2008* and the *International Recommendations for Distributive Trade Statistics 2008*, which were discussed at a parallel meeting of the Expert Group on Distributive Trade Statistics. In order to ensure the mutual consistency in the treatment of common issues, as well as the alignment of concepts, definitions and terminology used in the draft international recommendations for industrial and distributive trade statistics, several joint sessions of the two expert groups were held during this period. These harmonization efforts responded to the Commission's request to consider the work on industrial statistics in the context of an integrated approach to economic statistics.

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[1] Statistical Papers, No. 48, Rev.1 (United Nations publication, Sales No. E.83.XVII.8).

[2] Studies in Methods, No. 1 (United Nations publication, Sales No. E.50.XVII.4).

[3] See *Official Records of the Economic and Social Council, 2006, Supplement No. 4* (E/2006/24), chap. I, sect. C, decision 37/101.

[4] Ibid., *2007, Supplement No. 4* (E/2007/24), chap. I, sect. B, decision 38/115.

5. The Expert Group on Industrial Statistics also reviewed the progress of work in the revision of the manual on *Index Numbers of Industrial Production* and endorsed the outline of the manual and the timetable of work as proposed by the United Nations Statistics Division.

6. The complete text of the recommendation and conclusions of the Expert Group on Industrial Statistics meeting is available on the website of the Division, at http://unstats.un.org/unsd/industry/meetings/eg2007/ac129-4.pdf.

B. Revision of the *International Recommendations for Industrial Statistics*

1. Revision process

7. The first proposals for revision of the *International Recommendations for Industrial Statistics* were discussed in the meeting of the Expert Group on Industrial Statistics, held from 19 to 23 September 2005. Subsequently, the United Nations Statistics Division prepared a draft annotated outline of the revised international recommendations based on the recommendations of that meeting and sent it for a peer review to members of the Expert Group. Suggestions received from members were taken into account in drafting the revised international recommendations.

8. The draft *International Recommendations for Industrial Statistics 2008* document was considered by the Expert Group on Industrial Statistics at its second meeting, held from 16 to 19 July 2007, with a view to reviewing, amending and endorsing the draft for submission to the Statistical Commission for adoption at its thirty-ninth session. As already mentioned above, several joint sessions of the Expert Group on Industrial Statistics and the Expert Group on Distributive Trade Statistics were held in order to ensure the mutual consistency in the treatment of common issues, alignment of concepts, definitions and terminology used in the draft international recommendations for industrial and distributive trade statistics. Recommendations made by the Expert Group on Industrial Statistics for the revision of the draft *International Recommendations for Industrial Statistics 2008* are included in the report of the 2007 meeting (available from http://unstats.un.org/unsd/industry/meetings/eg2007/ac129-4.pdf).

9. In order to solicit participation of the global statistical community and promote transparency in formulating the revised recommendations, comments of the national statistical offices were invited on the draft *International Recommendations for Industrial Statistics 2008*. This global consultation was undertaken simultaneously for the revised versions of both the international recommendations for industrial statistics and for distributive trade statistics during the period of November/December 2007. Comments received through this global consultation were reviewed and incorporated in the draft document for the *International Recommendations for Industrial Statistics 2008*, which is presented to the Commission as a conference room paper.

10. Through the comprehensive review process, the draft *International Recommendations for Industrial Statistics 2008* has been developed within the context of an integrated approach to compilation of basic economic statistics and is fully harmonized with the recommendations of other international statistical standards such as the *International Recommendations for Distributive Trade*

Statistics 2008 (updated in parallel with the draft *International Recommendations for Industrial Statistics 2008*), the *System of National Accounts, 1993*, Revision 1 (SNA), the International Standard Industrial Classification of All Economic Activities, Revision 4 (ISIC), and the Central Product Classification, Version 2. The revised recommendations are also consistent and harmonized, to the extent possible, with international statistical standards issued by other international organizations and inter-agency task forces, such as the Organization for Economic Cooperation and Development, in respect of measurement of non-observed economy and data and metadata reporting and presentation; Eurostat, in respect of statistical units, the International Labour Organization, with regard to International Classification of Status in Employment; and the International Monetary Fund, in respect of treatment of multiterritory enterprises.

2. Overview of changes in the revised recommendations

11. The draft *International Recommendations for Industrial Statistics 2008* is an agreed intermediate output framework of a coherent set of internationally agreed principles, concepts and definitions of data items to be collected and published for the measurement of industrial activity.

12. The draft *International Recommendations for Industrial Statistics 2008* is organized into two parts. Part I corresponds in scope to the previous edition of the international recommendations of 1983,[3] and covers the internationally agreed recommendations for statistical units, including their characteristics and data items to be used for industrial statistics. That part of the publication should be adopted by the Commission as the international recommendations for industrial statistics. Part II of the draft *International Recommendations for Industrial Statistics 2008* goes beyond the scope of the 1983 recommendations by also providing supplementary guidance on performance indicators, data sources, compilation methods and data collection strategy, data quality and dissemination of industrial statistics. That part of the publication provides guidance on the implementation of the international recommendations contained in part I.

13. The main changes in the revised recommendations relate to:

(a) Revisions of the 1993 SNA that warranted changes relevant for industrial statistics, including:

(i) Treatment of goods sent abroad for processing;

(ii) Additional elements for the measure of compensation of employees, such as "employee stock options";

(iii) Recognition of units providing ancillary services as a separate establishment in some specific circumstances;

(iv) Classification and terminology of assets;

(v) Capitalization of database development;

(vi) Capitalization of research and development expenditures, and the like;

(b) The broadening of the scope of the economic activities covered by the recommendations as compared to the international recommendations of 1983, since the activities of sewerage, waste collection and remediation have been added in line with the scope of section E in ISIC, Revision 4;

(c) The inclusion of aspects of globalization of the industrial production process (in terms of outsourcing) and the use of electronic commerce;

(d) The use of total value added (national accounts value added) instead of "census value added" in the context of industrial statistics;

(e) The change in valuation of industrial output to basic prices in accordance with valuation principles recommended by the *1993 SNA*[5] and applied in business accounting;

(f) The expansion of the link between the economy and the environment by extending the coverage of data items to include the use of natural resources such as energy, water and minerals, as well as the generation of solid waste, wastewater and by-products.

C. Revision of the manual on *Index Numbers of Industrial Production*

14. The revision of the manual on *Index Numbers of Industrial Production* has progressed according to the previously adopted schedule. A detailed outline of the manual was discussed and approved by the Expert Group on Industrial Statistics in July 2007. The Expert Group on Industrial Statistics also agreed to the proposed timeline for the further work on the manual.

15. The approved outline of the manual covers the following chapters:

I. Introduction

II. Fundamental concepts, including relationship to SNA

III. Infrastructure, including statistical units and classifications

IV. Sources and methods, including variables, data sources and aggregation levels

V. Index compilation, including types of indices, transformation of data, weighting, compilation procedures, additional compilation issues such as re-weighting, linking and re-referencing the index, introduction of new products, benchmarking, as well as quality assessment

VI. Presentation and dissemination

VII. Variables, deflators and sources by industry

16. In 2007, the United Nations Statistics Division also carried out a worldwide survey of country practices in the collection and compilation of volume indices. The information obtained from that questionnaire was used to:

(a) Provide input for the best practices section (in chap. VII of the above outline) of the revised manual on *Index Numbers of Industrial Production*;

(b) Produce a separate publication on country practices for the collection and compilation of volume indices.

17. According to the schedule adopted by the Expert Group on Industrial Statistics, the first complete draft of the manual will be circulated to the Expert

[5] United Nations publication, Sales No. E.94.XVII.4.

Group for comment in the first quarter of 2008. It is expected that the manual will be presented to the Statistical Commission for approval at its meeting in 2009.

18. The separate publication on country practices outlines methods and practices, by country and industry, for the compilation of an index of industrial production. Drafting of the publication is almost complete and the final text is expected to be available by mid-2008.

D. Ongoing activities in the industrial statistics work programme of the United Nations Statistics Division

19. The United Nations Statistics Division continues to carry out a number of ongoing activities in the area of industrial statistics, namely:

(a) The data collection on industrial commodity production continues to be an important element of the work of the Division. After introducing a revised list of industrial products in the 2004 industrial commodity statistics questionnaire, the new 2005 publication of the *Industrial Commodity Production Statistics Yearbook* will be the first to feature data on production of a new list of about 600 commodities, not only in quantity terms, but also in monetary value of production;

(b) The collection of index numbers of industrial production continues on a monthly, quarterly and annual basis, with individual and aggregated indices being published in a number of publications of the Division and, through data-sharing agreements, in publications of other United Nations system agencies;

(c) The industrial statistics website of the Division is being developed into a central portal for information on industrial statistics, which now also includes, through the UN-data project, online access to industrial statistics data.

III. Future work

20. Based on the recommendations of the Expert Group on Industrial Statistics, the United Nations Statistics Division will undertake initiatives to support countries in their efforts to produce comprehensive and comparable industrial statistics and to promote industrial statistics worldwide. As first steps in the implementation of the international recommendations, two main activities are planned: (a) the conduct of regional workshops to familiarize countries with the changes in the international recommendations for industrial statistics (and later on the manual on index numbers of industrial production); and (b) the development of a knowledge base on industrial statistics that can be consulted by countries and other users of industrial statistics.

21. The Division will also continue to carry out elements of its work programme as described in paragraph 19 above and will work on improving the distribution of available data and the integration of historical data and metadata information in these systems.

A. Workshops on industrial statistics

22. As part of the efforts to promote the revised international recommendations for industrial statistics, the United Nations Statistics Division plans to organize a number of training workshops to provide training and capacity-building in industrial statistics to developing countries and to help them to implement the *International Recommendations for Industrial Statistics 2008*. These workshops will serve as starting points for more comprehensive programmes to assist countries and will be developed into training activities on more detailed aspects of the industrial statistics work programme and coupled with individual country assistance. The Division will continue to collaborate with the regional commissions and the secretariat of the East Asia Expert Meeting on Manufacturing Statistics on such workshops.

B. Knowledge-based platform on basic economic statistics

23. The Expert Group on Industrial Statistics, at its meeting in July 2007, discussed the need for developing a knowledge-based platform on country practices for basic economic statistics as a vital tool in supporting countries in the collection, compilation and dissemination of economic statistics.

24. It was agreed that such a knowledge base would be immensely useful especially to developing countries as a source of reference and experience sharing on all aspects of basic economic statistics, from planning and execution of surveys or obtaining data through other forms of data collection, to data compilation and dissemination.

25. The knowledge-based platform should ultimately cover all aspects of basic economic statistics and the following list of topics has been suggested as a starting point:

(a) Needs and uses (relevance), including government, business and other needs and uses;

(b) Planning and organization, including legislative requirements, advisory committees and dissemination and promotion programmes;

(c) Management and budgeting, including timetables, budgeting, progress reporting systems and quality control;

(d) Questionnaire design and testing, including principles of design, instruction for respondents and wording (using business accounting terminology);

(e) Collection of data, including selection of resources (survey vs. administrative data), enumeration plans and delineation of collection processes (field enumeration, mail out, treatment of large enterprises);

(f) Data processing, including validation, editing and imputation, coding and warehousing;

(g) Sampling techniques, including for large enterprises, small (household) enterprises and the informal sector;

(h) Creation and maintenance of business registers;

(i) Creation and maintenance of area frames;

(j) Data quality frameworks.

26. The United Nations Statistics Division will develop a prototype of such a knowledge-based platform and make it available for testing in 2008. As a first step, already available information on the subject from international and regional organizations will be used to set up the prototype, which will then be supplemented with national information. While the prototype will initially focus on industrial statistics, it is planned that the knowledge-based platform will ultimately cover other domains of basic economic statistics. Cooperation with other organizations and other contributors will be explored as the project progresses.

IV. Points for discussion

27. **The Statistical Commission may wish to express its views on the following questions:**

(a) **Does the Commission agree to adopt part I of the draft *International Recommendations for Industrial Statistics 2008*, as the international recommendations for industrial statistics, to endorse part II as supplementary guidance and encourage the implementation of the *International Recommendations for Industrial Statistics 2008* in countries?**

(b) **Does the Commission wish to comment on the proposed implementation of the *International Recommendations for Industrial Statistics 2008* through regional capacity-building workshops and the development of a knowledge-based platform?**